

# Single Family Home Loan Guarantees

## What does this program do?

**This program assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe, and sanitary dwellings as their primary residence in eligible rural areas. Eligible applicants may build, rehabilitate, improve, or relocate a dwelling in an eligible rural area. The program provides a 90% loan note guarantee to approved lenders in order to reduce the risk of extending 100% loans to eligible rural homebuyers.**

## Who may apply for this program?

Applicants must:

- Meet income-eligibility.
- Agree to personally occupy the dwelling as their primary residence.
- Be a U.S. Citizen, U.S. non-citizen national, or Qualified Alien.
- Have the legal capacity to incur the loan obligation.
- Have not been suspended or debarred from participation in federal programs.
- Demonstrate the willingness to meet credit obligations in a timely manner.
- Purchase a property that meets all program criteria.

## What is an eligible area?

Check eligible addresses for the loan guarantees.

## How may funds be used?

Funds backed by loan guarantees can be used for:

- New or existing residential property to be used as a permanent residence. Closing cost and reasonable/customary expenses associated with the purchase may be included in the transaction.
- A site with a new or existing dwelling.
- Repairs and rehabilitation when associated with the purchase of an existing dwelling.

- Refinancing of eligible loans.
- Special design features or permanently installed equipment to accommodate a household member who has a physical disability.
- Reasonable and customary connection fees, assessments, or the pro rata installment cost for utilities such as water, sewer, electricity, and gas for which the buyer is liable.
- A pro rata share of real estate taxes that is due and payable on the property at the time of loan closing. Funds can be allowed for the establishment of escrow accounts for real estate taxes and/or hazard and flood insurance premiums.
- Essential household equipment such as wall-to-wall carpeting, ovens, ranges, refrigerators, washers, dryers, heating and cooling equipment as long as the equipment is conveyed with the dwelling.
- Purchasing and installing measures to promote energy efficiency (e.g., insulation, double-paned glass, and solar panels.)
- Installing fixed broadband service to the household as long as the equipment is conveyed with the dwelling.
- Site preparation costs, including grading, foundation plantings, seeding or sod installation, trees, walks, fences, and driveways.

## How do we get started?

Interested applicants can apply for a Section 502 Guaranteed Loan through USDA Rural Development's network of approved lenders. We encourage you to contact your preferred lender and ask if they are an approved lender with USDA Rural Development.

## Who can answer questions?

Applicants with questions should contact an approved lender.

## What governs this program?

CFR, Part 3555 - This part sets forth policies for the Single Family Housing Guaranteed Loan Program (SFHGLP) administered by USDA Rural Development. It addresses the requirements of section 502(h) of the Housing Act of 1949, as amended, and includes policies regarding originating, servicing, holding and liquidating SFHGLP loans.

HB-1-3555 - SFH Guaranteed Loan Program Technical Handbook. This handbook provides Agency staff and lenders participating in the Single Family Housing Guaranteed Loan Program with the tools needed to originate, underwrite, and service guaranteed loans efficiently and effectively.

## Why does USDA Rural Development do this?

This program helps lenders work with low and moderate income families living in rural areas to make homeownership a reality. Providing affordable homeownership opportunities promotes prosperity, which in turn creates thriving communities and improves the quality of life in rural areas.

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**NOTE: Because citations and other information may be subject to change, please always consult the program instructions listed in the section above titled "What Governs This Program?" You will find additional forms, resources, and program information at [rd.usda.gov](http://rd.usda.gov). USDA is an equal opportunity provider, employer, and lender.**